

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities

Date of Meeting: October 20, 2006

Time of Meeting: 8:15 a.m.

Place of Meeting: Public Utilities Boardroom
3901 Orange Street (at Ninth & Orange Streets)
Riverside, California

PLEDGE OF ALLEGIANCE TO THE FLAG WAS GIVEN

Roll Call

Present:	Jim Anderson (Chair)	Joe Tavaglione (Vice-Chair)
	Dave Barnhart	Bob Stockton
	Bernie Titus	Ken Sutter
	Robert Elliott	Peter Hubbard

Absent: Mary Curtin (absence due to business)

Assistant City Manager Michael Beck attended this meeting.

PRESENTATION

1. PRESENTATION TO HONOR RIVERSIDE PUBLIC UTILITIES 2006 BOTTLED WATER LABEL ART CONTEST WINNERS AND THEIR FAMILIES AND TEACHERS

The Board of Public Utilities honored Tim Alvarez-Herrera from J. W. North High School and Marissa Manahan from La Sierra High School as the winners of the Utilities Eighth Annual Bottle Water Label Art Contest. Each winner received a \$250 cash prize and their winning artwork to be featured on the Riverside Public Utilities bottle water for the next year. Mr. Alvarez's artwork took top honors in the "Riverside's Citrus Heritage" category and Ms. Manahan's artwork took top honors in the "Riverside Arts and Culture" category.

Also honored was La Sierra High School art teacher, Ms. Tina Naif and J. W. North High School art teacher Ms. Vonn Rosser, each received a \$50 gift certificate to a local art supply store and the Board thanked them for encouraging their students to submit their artwork to our contest.

MINUTES

2. The regular meeting minutes from the Board of Public Utilities meeting held on September 1, 2006 was approved as submitted.

Motion – Tavaglione. Second – Stockton.

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, and Titus.

Noes: None

Abstain: Hubbard

Absent: Mary Curtin (absence due to business)

3. The regular meeting minutes from the Board of Public Utilities meeting held on September 15, 2006 was approved as submitted.

Motion – Tavaglione. Second – Stockton.

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, Titus, and Hubbard.

Noes: None

Abstain: None.

Absent: Mary Curtin (absence due to business)

CITIZENS PARTICIPATION

4. No comments were made.

COMMITTEE REPORTS

5. ELECTRIC COMMITTEE REPORT

The Board of Public Utilities accepted and filed the September 13, 2006 and October 11, 2006 Electric Committee minutes.

Board Chair Jim Anderson requested that it be noted in the minutes that he appointed Board Member Bernie Titus to the Electric Committee.

6. WATER COMMITTEE REPORT

The Board of Public Utilities accepted and filed the September 15, 2006 Water Committee minutes.

7. FINANCE/MARKETING COMMITTEE REPORT

The Board of Public Utilities accepted and filed the October 6, 2006, (rescheduled - September 22, 2006) Finance/Marketing Committee minutes.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar with the exception of Item 12, **CHICAGO AVENUE SEWER REPAIRS – PUBLIC WORKS DEPARTMENT BID NO. 6425**, and Item 14, **PURCHASE OF "nMARKET FRONT OFFICE AND POSITION MANAGER" SOFTWARE AND HARDWARE FOR THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR ("ISO") MARKET REDESIGN TECHNOLOGY UPGRADE ("MRTU")**, which were moved to the Discussion Calendar:

Motion – Sutter. Second – Elliott.

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, Titus, and Hubbard.

Noes: None

Abstain: None.

Absent: Mary Curtin (absence due to business)

ELECTRIC ITEMS

8. 12 kV LINE EXTENSION - T-29515 (PHASE I)

The Board of Public Utilities approved the capital expenditure of \$195,000 to install underground primary line extensions to serve T-29515 (Phase I) located at Breckenridge Drive and Overlook Parkway.

9. 12 kV LINE EXTENSION - 79 NEW SINGLE FAMILY RESIDENCES (T-31671)

The Board of Public Utilities approved the capital expenditure of \$175,000 to install underground primary line extensions to serve 79 new single family residences (T-31671) located at Creekside Terrace easterly of Chicago Avenue.

10. 12 kV LINE EXTENSION - NEW COMMERCIAL BUILDING WORK ORDER NO. 070003-17

The Board of Public Utilities approved the capital expenditure of \$65,000 to install underground primary line extensions to serve a new commercial building located at 6255 Sycamore Canyon Boulevard.

11. STREETLIGHT INSTALLATIONS FOR THE PUBLIC WORKS' VAN BUREN BOULEVARD STREET IMPROVEMENT PROJECT FROM ANDREW STREET TO GARFIELD STREET WORK ORDER NO. 060131-3

The Board of Public Utilities approved the capital expenditure of \$300,000 to install the street lighting system for the Public Works' Van Buren Boulevard Street Improvement project from Andrew Street to Garfield Street.

WATER ITEMS

12. MOVED TO DISCUSSION CALENDAR

OTHER ITEMS

13. FORMER ANZA SUBSTATION SITE - SURPLUS PROPERTY DECLARATION

The Board of Public Utilities approved and recommended that the City Council approve a declaration stating that the Former Anza Substation site is surplus to the current and anticipated needs of the Public Utilities Department.

14. MOVED TO DISCUSSION CALENDAR

15. REFRIGERATOR/FREEZER RECYCLING PROGRAM AND HAZARDOUS WASTE MATERIALS DISPOSAL AGREEMENT BETWEEN AMERICAN RECYCLING CENTERS, INC., OF AMERICA AND THE CITY OF RIVERSIDE

The Board of Public Utilities approved the agreement between American Recycling Centers of America, Inc., and the City of Riverside for refrigerator/freezer recycling programs.

DISCUSSION CALENDAR

12. CHICAGO AVENUE SEWER REPAIRS - PUBLIC WORKS DEPARTMENT BID NO. 6425

Board Member Stockton requested this item be placed on the discussion calendar for more clarification on the nature and scope of the project. Assistant Director/Water Kevin Milligan explained that the sewer main was damaged during installation of the North Orange Water Supply Project Transmission Main. Staff will work with the City Attorney's office to recover costs related to the repair from the engineer and/or contractor.

Following discussion, the Board of Public Utilities approved the capital expenditure of \$80,000 for the construction of the Chicago Avenue Sewer Repairs, which includes a 10 percent change order contingency.

Motion – Stockton. Second – Barnhart.

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, Titus, and Hubbard.

Noes: None

Abstain: None.

Absent: Mary Curtin (absence due to business)

14. PURCHASE OF "nMARKET FRONT OFFICE AND POSITION MANAGER" SOFTWARE AND HARDWARE FOR THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR ("ISO") MARKET REDESIGN TECHNOLOGY UPGRADE ("MRTU")

Board Member Stockton requested this item be placed on the discussion calendar for more explanation because it is a large project and should have more discussion. Assistant Director/Resources Gary Nolff provided an overview of Riverside Public Utilities' existing power trading and settlement systems, and their incompatibility with the Independent System Operator's (ISO) proposed market revisions.

Following discussion, the Board of Public Utilities:

- a. Approved a Master Consulting Agreement with Structure Consulting Group, LLC ("Structure") for the procurement of nMarket Front Office and Position Manager software application in the amount of \$410,000, annual recurring costs of approximately \$140,000 for ongoing maintenance, and training in an amount not-to-exceed \$40,000;
- b. Approved the procurement of associated hardware from Dell and associated Oracle license fees in the amount of \$233,000; and
- c. Authorized staff to issue change orders in an amount not-to-exceed 20 percent of the original amount authorized for such procurement for additional goods or services associated with the implementation of such hardware and software applications.

Motion – Stockton. Second – Tavaglione.

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, Titus, and Hubbard.

Noes: None

Abstain: None.

Absent: Mary Curtin (absence due to business)

16. RENEWABLE POWER PURCHASE AGREEMENT BETWEEN WINTEC ENERGY, LTD. AND THE CITY OF RIVERSIDE

Power Projects/Contracts Manager LeeAnne Uhler reported that this new Agreement under which Wintec agrees to sell to Riverside up to 8 MW of additional generating capacity, pursuant to the new terms, rate, and conditions separate and apart from those in the Amended and Restated Power Purchase Agreement that will remain in effect. Ms. Uhler also stated a correction in the report in the Fiscal Impact: "The energy rate for the first year after the project has achieved commercial operation (anticipated to be during fiscal year 2007/08) is \$62.50 per megawatt hour ("MWh"), ~~or approximately \$1.3 million per fiscal year,...~~ should read **"or approximately \$460,000 per fiscal year for the initial 2.4 MW,"**

Following discussion, the Board of Public Utilities approved and recommended that

the City Council approve the Renewable Power Purchase Agreement between Wintec Energy, Ltd. and the City of Riverside.

Motion – Barnhart. Second – Hubbard

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, Titus, and Hubbard.

Noes: None

Abstain: None.

Absent: Mary Curtin (absence due to business)

17. RECYCLED WATER RULES (WATER RULE 1, 13, AND 18) - RESOLUTION

Assistant Director/Water Kevin Milligan reported that pursuant to State of California rules and regulations, Water Rule 18, "Recycled Water Rules", must be expanded to include non-potable water. To increase the level of protection against cross contamination of the public water system staff, staff proposed to designate "Reduced-Pressure" devices as the primary backflow prevention device – Changes to Water Rules 1, 13, and 19 are proposed to effect these proposals.

Following discussion, the Board of Public Utilities:

- a. Adopted Resolution 2006-02 amending Water Rule 1 (Rules and Definitions), Water Rule 13 (Cross Connections and Pollution of Supply), and Water Rule 18 (Recycled Water) and repealing Resolution No. 2005-02; and
- b. Recommended that the City Council adopt a Resolution approving amended Water Rule 1, Water Rule 13, and Water Rule 18, to be effective 30 days after approval by the City Council.

Motion – Barnhart. Second – Stockton.

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, Titus, and Hubbard.

Noes: None

Abstain: None.

Absent: Mary Curtin (absence due to business)

18. ADOPTION OF RIVERSIDE PUBLIC UTILITIES 2006-2009 THREE-YEAR STRATEGIC GOALS AND OBJECTIVES

General Manager Dave Wright reported that the Public Utilities executive and senior management staff recently held a strategic planning retreat to discuss and develop the following 2006-2009 three-year goals and objectives for the Board's approval:

- Improve System Reliability, Increase Capacity, and Obtain Optimal Power

and Water Resources

- Attract, Develop and Retain Quality Employees
- Increase Organizational Effectiveness and Efficiency
- Increase Public Awareness and Support for Riverside Public Utilities
- Enhance and Protect the Current Excellent Financial Health of Riverside Public Utilities

General Manager Wright stated that an update of the goals will be distributed to the Board once a month and that in the near future (approximately in 6 months) staff will invite Ms. Marilyn Snider to conduct a Board workshop to work on the mission, vision, core values, and possibly goals.

Following discussion, the Board of Public Utilities:

- a. Approved and adopted the attached Riverside Public Utilities 2006-2009 Three-Year Strategic Goals and Objectives; and
- b. Recommended that the City Council approve and adopt the Riverside Public Utilities 2006-2009 Three-Year Strategic Goals and Objectives.

Motion – Titus. Second – Elliott.

Ayes: Anderson, Tavaglione, Barnhart, Stockton, Sutter, Elliott, Titus, and Hubbard.

Noes: None

Abstain: None.

Absent: Mary Curtin (absence due to business)

19. RIVERSIDE TRANSMISSION RELIABILITY PROJECT –
APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH POWER
ENGINEERS, INC. AND SUPPLEMENTAL APPROPRIATIONS

Deputy Director Steve Badgett reported on the two options considered by Riverside and Southern California Edison (SCE) staff since 1990:

Option 1 - Increase delivery capacity at Vista Substation

- Constructed and owned by SCE
- Only works for 13 years
- Still requires additional capacity elsewhere at that time
- Costs more than Option 2 over the long term
- Does nothing for the City's emergency preparedness/single point of delivery

OR

Option 2 - Construct Second Point of Energy Delivery

- 20-acre site purchased for this purpose in the 1970s
- Constructed and owned by RPU
- Adequate for 27 years
- Cost is less than Option 1 over the long term
- Can be expanded
- Improves reliability and emergency preparedness

The Board was completely in support of pursuing Option 2 - Construct Second Point of Energy Delivery. All Board Members in attendance supported Option 2, the construction of the new second point of energy delivery, however, Board Member Bob Stockton and Board Vice-Chair Joe Tavaglione opposed Recommendation (d). Mr. Stockton did not approve of a 15 percent change order contingency but would approve of a 10 percent change order contingency, while Vice-Chair Tavaglione expressed concern if a 15 percent change order authority was enough.

Final vote for the project was 6 to 2 with Stockton and Tavaglione voting "No" only due to the change order level; both stated their support of the overall project.

Board Members requested staff to communicate with the area's County Supervisor during this project and to report monthly to the Electric Committee regarding the project's budget. Also requested by the Board Members was that the Board be included in the community outreach discussing this project.

Following discussion, the Board of Public Utilities approved and recommended that the City Council:

- a. Approve an additional appropriation of \$11,477,603 in Account No. 613000-470685 from the electric fund balance for "Phase 2" work on Riverside Transmission Reliability Project (RTRP);
- b. Approve a corresponding increase in Work Order 642975 from \$3,550,000 to \$15,027,603;
- c. Approve a professional services agreement with Power Engineers, Inc. in the amount of \$9,632,698; and
- d. Approve a 15 percent change order contingency related to the Power Engineers, Inc., agreement

The Board of Public Utilities recommended that the City Council:

- a. Approve the addition of 10 FTEs (Full-Time Equivalent) employees for the Energy Delivery Division;

Motion – Elliott. Second – Titus.

Ayes: Anderson, Barnhart, Sutter, Elliott, Titus, and Hubbard.

Noes: Stockton
Tavaglione

Abstain: None.

Absent: Mary Curtin (absence due to business)

20. ITEMS FOR FUTURE BOARD OF PUBLIC UTILITIES CONSIDERATION AS REQUESTED BY A MEMBER OF THE BOARD OF PUBLIC UTILITIES

None.

DIRECTOR'S REPORT

21. Consultant Panel Work Assignments - Quarterly Report (July, August, and September 2006)
22. Monthly Power Supply Report — August 2006
23. Financial Statements – June 2006
24. Open and Closed Work Orders – September 2006
25. Water Highlights – September 2006
26. City Council Agenda – September 19, 2006, September 26, 2006, October 3, 2006, October 10, 2006, and October 17, 2006.
27. Upcoming Meetings
28. Systematic Reporting on Conferences/Seminars
Board Chair Jim Anderson distributed a memo regarding matters that he found significant that might affect the water quality of Riverside from the East Valley Water District Conference that he attended on October 11-13, 2006 (see attached memo).

UPCOMING MEETING

Chairman Jim Anderson adjourned the meeting at 11:15 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, November 3, 2006**, at **8:15** a.m. in the Public Utilities Boardroom located at 3901 Orange Street in Riverside, California.

By: _____
David H. Wright, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: November 3, 2006